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[redacted] found out about the
Health insurance naper.

The Health Insurance Paper on
November 12 will go to the Committee of
Career Service Board.

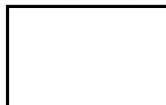
This Review Committee Must pass
first on all items going to the board.

Mr. Wolf feels that the Career
Service Board has a direct interest in
items of this nature.

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Call [redacted]

— despite (and contrary to)
the above, DD/A approved. See
~~see~~ memo. of 4-XI from
Col. White to The Comptroller
and The Gen'l Counsel —



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19-VIII-52

Mr. Hedden:

In as much as paragraph 6 of the attached memo, dated 7 August (minutes of meeting) seems to be in conflict with what I remember the Agency position to have been at the meeting I attended with you last April, I asked [] about it. His reply was that the matter had been carefully considered and that the course decided upon was selected as the lesser of the evils inherent in any operation of this kind. I did not argue the point but I am still a little dubious about this certification. That is, at least as expressed in the minutes, a written certification appears to be contemplated. Again, if memory serves me rightly, we originally took the position that we could not make such a written certification but, rather, that the maximum we could do would be to give an oral assurance.

I may be guilty of either faulty memory or hair-splitting - or both. But, in view of your initial participation in the matter, I feel you will be interested.

[]

*This is a conflict - but if
doesn't care, I don't.*

[]

[]

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[]

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C O P Y

1 August 1952

Acting Chief, RPS

Report of Committee Meeting - Health Insurance Policy

1. The following individuals met 31 July 1952, at 0930, at the call of Mr. Meloon to consider Agency policy with regard to installing a health insurance program in the CIA:

Mr. George Meloon (Pers) Chman.
Mr. Wilfred Peel (OGS)
Dr. John Tietjen (Med)

Mr. John Warner (Leg. Counsel)

2. Mr. Meloon reviewed the work and comments on the Ad Hoc Committee proposal for introducing the [] health insurance policy to Agency employees. This proposal had had the concurrence of all offices except OSO. [] explained their opposition to the cover arrangements of the proposed plan. []

3. Discussion was then centered on the advisability of installing an Agency-operated insurance program. Mr. Warner commented on some of the legal and legislative problems:

a. Necessary reserve funds for such an undertaking could probably be derived from the Agency's UV funds.

b. Should the Agency decide to pay all or a part of insurance premiums for employees, such benefits would require legislation.

c. Should the Agency decide to extend its present medical program to include health services to employees, the extension of such services to their families would require additional legislation.

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[REDACTED]

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d. The advisability of raising a reserve by private subscription within the CIA was dropped as being impractical in that there would be no way of securing such subscriptions or loans.

4. Discussion turned to the development of a practical manner of utilizing the [REDACTED] policy. [REDACTED] agreed that a system of registering employee's policies with [REDACTED] under a [REDACTED] would provide better cover than the proposed plan of operation.

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5. [REDACTED] proposed the following resolutions:

a. That the committee agree that the installation of the [REDACTED] policy was the best immediate program and that it be done as soon as possible--utilizing an identification by number system.

b. It was further proposed that the [REDACTED] program would be considered an interim plan pending further study and consideration of an internal insurance program.

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c. These proposals met with agreement.

6. Mr. Malone appointed a working committee to study and propose a new plan of operations.

[REDACTED]

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7. The meeting adjourned at 10:45.

[REDACTED]

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[REDACTED]

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[REDACTED]

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REMARKS:

The minutes of the Working Group on health insurance - indicating the progress being made on the security question.

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7 August 1952

MEMORANDUM OF RECORD

SUBJECT: Minutes of Meeting of Working Group on Health Insurance
with [REDACTED]

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1. The Working Group on Health Insurance met with [REDACTED] at 1430, Wednesday, 6 August 1952, to work out details of a plan of operation for introducing [REDACTED] hospitalization and surgical insurance to employees of CIA. The meeting was attended by:

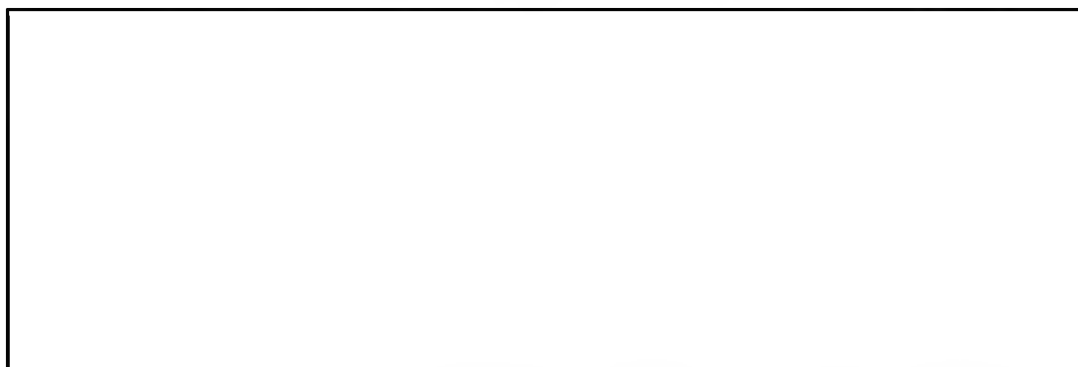
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2. Preliminary discussion centered around the normal premium collection and claims settlement procedures of [REDACTED] which have given rise to the security problems incidental to the use of this insurance in CIA.

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3. [REDACTED] then stated the general policy, necessary for security, under which the CIA could enter into agreement with GHI:



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d. That CIA would undertake to keep the necessary records on applicants and subscribers to the insurance.

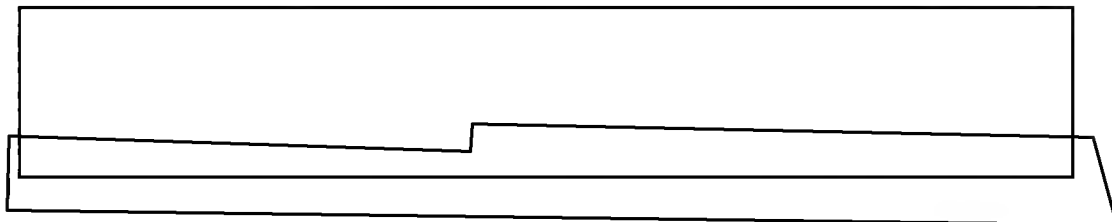
4. [REDACTED] indicated that he had come prepared with authority to agree to such a proposal and that if the details could be worked out to the mutual satisfaction of both parties he was confident his superior would go along with the plan.

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5. Tentative agreement was reached on the following plan of operations:



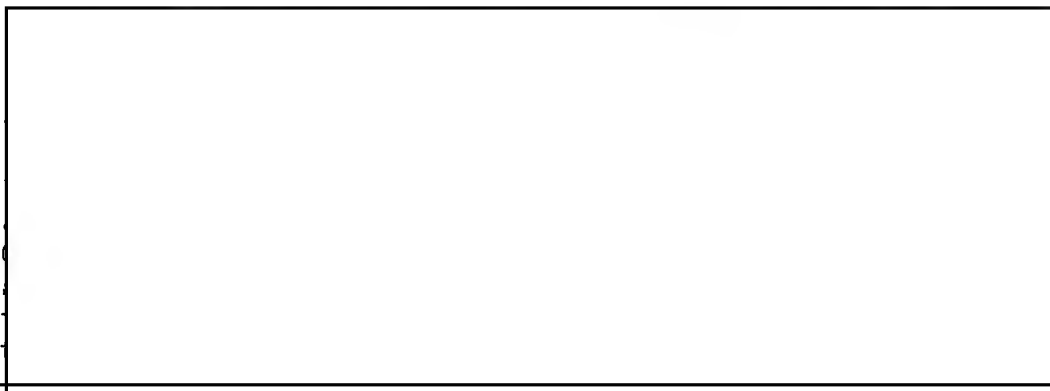
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(1) Identification cards would be issued to all overt and semi-covert personnel, who are permitted to indicate CIA employment. These subscribers will utilize the regular "service" features of the ☐ policy.

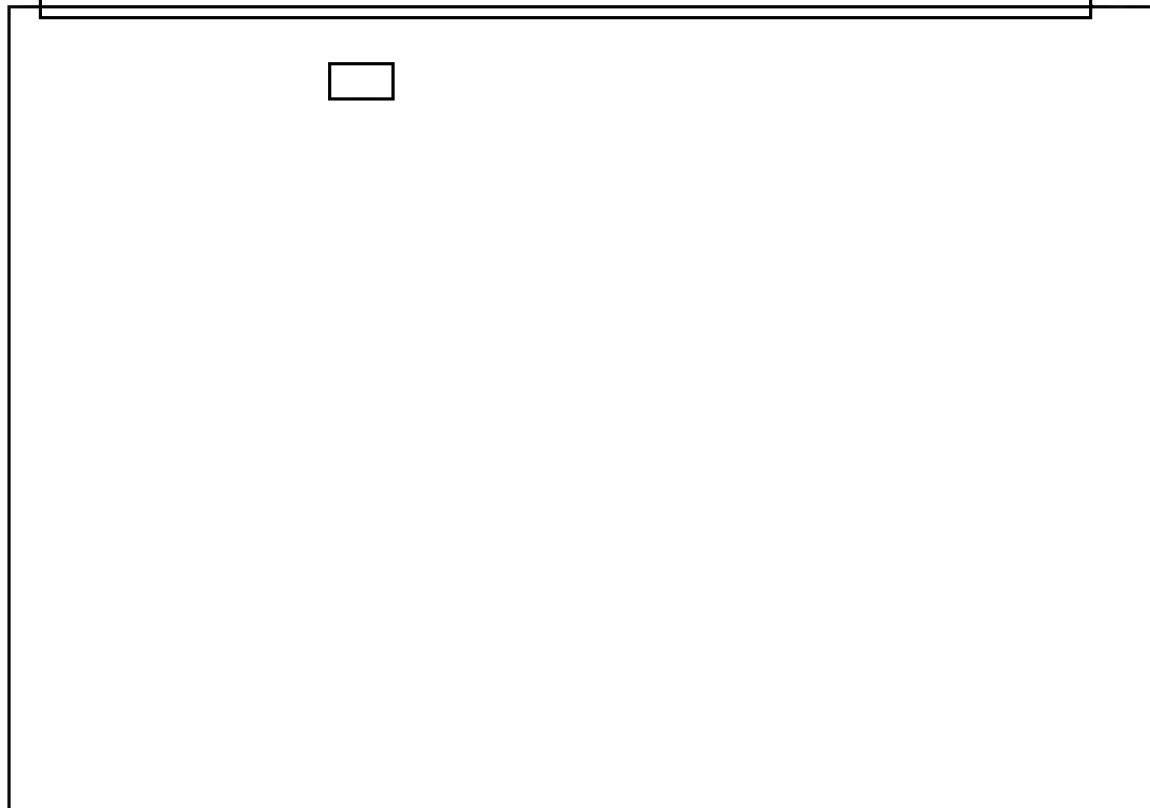
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[redacted]

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e. [redacted] was authorized to further contact [redacted] in order to study their procedures and records so that a working program could be developed in detail.

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6. [redacted] indicated that if the CIA group could have [redacted] of its employees enrolled in the insurance program, the policies would contain the added benefit of waiving the usual ten-month waiting period for maternity, tonsillectomy, and appendectomy claims. [redacted] GHI would accept our certification that [redacted] of the employees had enrolled. In the opinion of [redacted] and the other members of the Working Group, subscription to this additional phase of the program would not jeopardize security as to Agency strength statistics.

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7. [redacted] revealed that audits made of [redacted] do not include detailed scrutiny of individual claims adjustments or premium payments. He was of the opinion that their auditors would show no interest in these proceedings which would compromise the security measures outlined above.

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8. The group in CIA will be enrolled on the normal Class "B" plan of [redacted]. Personnel may enroll within the first 60 days after date of EOD. In addition, there will be an annual enrollment period, subject to a percentage requirement of the unenrolled members. CIA certification will be accepted for these numbers.

9. It was considered that the program would be initiated during a 60-day campaign.

10. The meeting adjourned at 1600.

[redacted]

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|------|--|-------------|--------|
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| FROM | | INITIALS | DATE |
| 1 | Personnel Director | [Signature] | 15 Aug |
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REMARKS: The details of operation for [redacted] insurance in the Agency have been worked out and are now being formalized into a Staff Study and Plan of Operation for Agency consideration and approval.

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